

Definitions

Revoked—a self insured group (SIG) that is revoked no longer provides coverage for new injuries. Members seek individual insurance coverage. Every SIG in California that has gone through revocation has done so voluntarily for business reasons.

Funding %--SIGs are required to maintain enough funding to pay all estimated future workers compensation claims.

Role of Third Party Administrator (TPA)—TPAs are independent of the group administrators and employers. They decide if a workers' compensation claim should be paid and how much the claim will cost. This cost is used to estimate future liabilities.

Role of Group Administrator—the group administrator determines the contribution level (premium) of each SIG member in order to pay injured worker claims and associated expenses. They submit annual reports of estimated future liabilities, actuarial reports and audited financial reports on the SIG to the Office of Self Insurance Plans.

Deficit Correction Plan—the deficit correction plan is a financial plan, submitted by the Group Administrator to the Office of Self Insurance Plans, designed to correct the shortfall and bring the SIG to full funding status.

SIP Ordered Audit—an independent assessment of a deficit correction plan to determine whether the submitted plan, if followed, will return the SIG with a shortfall to full funding.

Excess Insurance— California requires that all SIGs maintain excess insurance to pay for the cost of any individual claim that exceeds \$500,000. This allows the SIG to limit its exposure to large losses on any individual claim.